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FM SECSTATE WASHDC  
TO AIT TAIPEI PRIORITY 0000  
INFO MISSILE TECHNOLOGY CONTROL REGIME COLLECTIVE PRIORITY  
AMEMBASSY ISLAMABAD PRIORITY

S E C R E T STATE 057067

E.O. 12958: DECL: 05/28/2033  
TAGS: [PARM](#) [MTCRE](#) [PREL](#) [TW](#) [CH](#)

SUBJECT: MACHINE TOOL PROCUREMENT EFFORTS BY ENTITIES OF  
PROLIFERATION CONCERN (S)

REF: A. 05 STATE 26545  
[B.](#) 05 AIT TAIPEI 000683  
[C.](#) 05 AIT TAIPEI 004608  
[D.](#) 05 STATE 199690  
[E.](#) 05 AIT TAIPEI 004416  
[F.](#) 06 STATE 010021  
[G.](#) 06 AIT TAIPEI 000218  
[H.](#) 06 STATE 013670  
[I.](#) 06 AIT TAIPEI 002349  
[J.](#) 06 STATE 178573  
[K.](#) 07 AIT TAIPEI 002106

Classified By: ISN/MTR DIRECTOR PAM DURHAM  
REASONS 1.4 (B), (C) AND (D).

[1.](#) This is an action request. AIT Taipei, please see paragraph 5.

[2.](#) (S) Background: On several occasions since February 2005, the U.S. has shared information with Taiwan regarding export activities of proliferation concern by the Taiwan-based firm She Hong Industrial Co. Ltd - also known as Hartford - to the Pakistan-based procurement agent K.M. Enterprise (reftels). Specifically, in one such case we raised in February 2005 and January 2006 (Refs A & H), She Hong Industrial was supplying K.M. Enterprise with machines intended for an end-user associated with Pakistan's National Development Complex (NDC). NDC is the entity responsible for developing Pakistan's Shaheen series of ballistic missiles. We now understand that in March 2008, K.M. Enterprise was seeking four -- possibly Wassenaar-controlled -- computer numerically controlled (CNC) horizontal machining centers from She Hong Industrial.

[3.](#) (S) During this same time period, the Pakistani firm Aerolite was seeking four model HMC-800B and one model FBM-640L CNC horizontal machining centers from China's Dalian Machine Tool Group. The HMC-800B machining centers may be variants of HMC-800 machining centers produced by a number of companies, including the Taiwan companies Yu Ji Machine Industrial Co. Ltd., and Roundtop Machinery Industries Co. Ltd. Like K.M. Enterprise, Aerolite has previously procured materials for missile-related entities in Pakistan, and it is possible their tools are being sought on behalf of Pakistan's Progressive Engineering Company, an entity associated with Pakistan's Project Management Office. Pakistan's Project Management Office is the organization responsible for development of Pakistan's Ghaznavi ballistic missile. Each of the machine tools sought by K.M. Enterprise and Aerolite could be used in a missile program to produce frames, bulkheads and structural components.

[4.](#) (S) Objective: Given that these machine tools most likely will be used to support missile programs in Pakistan, we would like Taiwanese authorities to immediately investigate these activities with a view to preventing the export of these machines to Pakistan.

[5.](#) (S) Action Request: Request AIT Taipei approach

appropriate officials to deliver talking points/non-paper in paragraph 6 below and report response. Talking points also may be provided as a non-paper.

16. (S) Begin talking points/non-paper:

(SECRET REL TAIWAN)

-- On many occasions, we have brought to your attention exports by the Taiwan firm She Hong Industrial Co. Ltd., which is also known as Hartford, that pose potential proliferation concerns.

-- One such case that we raised with you in February 2005 and January 2006, involved exports from She Hong Industrial to the Pakistani-based procurement agent K.M. Enterprise.

-- During those discussions, we noted that one of the machines sought by K.M. Enterprise from She Hong Industrial was intended for an end-user that had previously supplied goods to Pakistan's National Development Complex (NDC). NDC is the organization responsible for developing Pakistan's Shaheen series of ballistic missiles.

-- We now have information indicating that in March 2008, K.M. Enterprise was seeking four computer numerically controlled (CNC) horizontal machining centers from She Hong. The machines required by K.M. Enterprise were to be equipped with Fanuc controllers that would allow 4-axis machining operations and may be controlled by the Wassenaar Arrangement (WA).

-- During the same time period, we understand that a second Pakistani firm, Aerolite, was seeking four model HMC-800B CNC horizontal machining centers and one model FBM-630L CNC horizontal boring and milling machine from China's Dalian Machine Tool Group. The HMC-800B machining centers required by Aerolite may be variants of HMC-800 machining centers produced by a number of companies, including the Taiwan companies Yu Ji Machine Industrial Co. Ltd. and Roundtop Machinery Industries Co. Ltd.

-- Like K.M. Enterprise, Aerolite previously has procured materials for missile-related entities in Pakistan and it is possible their tools are being sought on behalf of Pakistan's Progressive Engineering Company.

-- Progressive Engineering Company has been associated with the Project Management Office, the organization responsible for the development of Pakistan's Ghaznavi ballistic missile.

-- Each of the machine tools sought by K.M. Enterprise and Aerolite could be used in a missile program to produce frames, bulkheads and structural components.

-- Because of the possibility that these transactions are intended to benefit Pakistan's missile program, we ask that you immediately investigate these activities with a view to preventing the export of these machines to Pakistan.

-- We look forward to continuing cooperation on export control and nonproliferation issues and would appreciate learning of any actions you take in this case at the earliest possible time.

End talking points/non-paper

17. (U) Washington POC is ISN/MTR April Jones (Phone: 202-647-3176). Please slug any reporting on this issue for ISN/MTR.

18. (U) A word version file of this document will be

posted at [www.state.sgov.gov/demarche](http://www.state.sgov.gov/demarche).  
RICE

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End Cable Text